

19 February 1957


MEMORANDUM FOR: Director of Personnel - Attention:

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SUBJECT : Travel Expense of New Employees

1. The purpose of this memorandum is to confirm several points we discussed in personal conversation this morning.
2. I anticipate that some persons will complain that the arrangement under which these travel expenses will be paid as part of compensation subjects them to Federal income tax, which they would not otherwise pay. This is not the case. The attachment quotes the rule and provides you with further references. In summary, any money received from an employer to cover travel expenses of reporting to a new job is always considered income and taxable, whether it is called compensation or something else.
3. You raised another question under the proposed wording of the agreements to be executed by new employees recruited against hard-to-fill positions, whether if a baby were born to the employee's wife after reporting for duty and the employee were subsequently terminated, we could pay for the baby's return travel. It is my understanding of the proposed language that, if taken in conjunction with those provisions of Agency regulations dealing with after acquired dependents, will fully authorize such payment.
4. On the two points raised by Mr. Houston in his concurrence on the basic memorandum, I make the following suggestions, subject, of course, to his concurrence.
 - (a) Since Communist Party membership would by statute preclude payment of compensation, it is not essential for Agency protection that specific reference to this point be made in the agreements. If on a policy basis it is considered undesirable to raise this point with the employee at the time of hire I see no reason it could not be omitted.

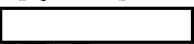
- (b) I believe there is considerable merit in rewording the agreement to preclude reimbursement for round trip travel where an individual's disqualification results from his own misconduct.


Assistant General Counsel

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OGC:RFB:jg

Distribution:

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